

## Message Text

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71-62

ORIGIN EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 IO-10 ISO-00 AGR-05 COME-00

TRSE-00 STR-04 SSO-00 NSCE-00 INRE-00 USIE-00 OIC-02

FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 PRS-01 SP-02 OMB-01 AF-06 NEA-10

/128 R

DRAFTED BY EB/OT/GCP:RLANDERS:DI

APPROVED BY EB/OT:CWSCHMIDT

AGRICULTURE:JBENSON

ARA/BR:TSHUGART (PHONE)

ARA/ECP:MDAVILA (PHONE)

ARA/LA:AFISHLOW (PHONE)

COMMERCE:RADES (PHONE)

COMMERCE:DGARDNER (PHONE)

TREASURY:WBARREDA (PHONE)

STR:SLANDE (SUBS)

----- 083874

O R 200020Z NOV 75

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO AMEMBASSY BRASILIA

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

AMEMBASSY BERN

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E.O. 11652: N/A

TAGS: ETRD, GATT, BR

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SUBJECT: INSTRUCTIONS FOR NOVEMBER 21 GATT COUNCIL--  
BRAZILIAN APPLICATION FOR GATT WAIVER

REFS: (A) STATE 266158 (B) GENEVA 8694 (NOTAL)

ON ASSUMPTION THAT THE REFERENCE TO ARTICLE XXXVI:8 WILL NOT BE DELETED FROM THE OPERATIVE PORTION OF BRAZILIAN WAIVER, U.S. DEL SHOULD VOTE AGAINST ITS APPROVAL BY GATT COUNCIL. IF IT APPEARS THAT U.S. WILL BE ISOLATED IN THIS POSITION, U.S. DEL SHOULD ABSTAIN. FYI: FOR THE INFORMATION OF INFO ADDRESSEES, U.S. MISSION GENEVA REPORTED BY TELEPHONE AND REF B THAT THE EC HAS DECIDED NOT TO JOIN US ON THIS ISSUE AND SINCE THE SWISS MADE THEIR POSITION CONTINGENT ON THE EC'S, THEY WILL ALSO NOT VOTE AGAINST THE WAIVER. CANADA HAS NOT YET REACHED A FINAL DECISION ON THE WAIVER BUT THE MISSION IS NOT OPTIMISTIC ABOUT THE PROSPECTS FOR A NO VOTE. END FYI. U.S. DEL SHOULD MAKE A STRONG STATEMENT AT COUNCIL MEETING, DRAWING ON REFTELS A AND B AND PREVIOUS CABLES, EXPRESSING USG CONCERNS ABOUT THE POTENTIAL IMPLICATIONS OF THE WAIVER FOR THE FUTURE OF THE GATT. U.S. STATEMENT SHOULD INCLUDE THE FOLLOWING POINTS:

A. WHILE THE USG SUBSCRIBES TO THE PRINCIPLES OF PART IV OF THE GATT AND DOES NOT BELIEVE DEVELOPING NATIONS SHOULD BE REQUIRED TO MAKE CONTRIBUTIONS INCONSISTENT WITH THEIR LEGITIMATE TRADE, FINANCIAL, AND DEVELOPMENT NEEDS IN THE COURSE OF TRADE NEGOTIATIONS OR RENEGOTIATIONS, WE DO NOT BELIEVE THAT WHEN ARTICLE XXXVI WAS APPROVED THE CONTRACTING PARTIES INTENDED THAT DEVELOPING COUNTRY CONTRACTING PARTIES BE RELIEVED OF THEIR OBLIGATIONS UNDER ARTICLE XXVIII TO MAINTAIN A GENERAL LEVEL OF CONCESSIONS DURING RENEGOTIATIONS.

B. WE ARE CONCERNED THAT IF DEVELOPING COUNTRIES ESTABLISH THE PRACTICE OF REPEATEDLY RENEGOTIATING THE CONCESSIONS THEY HAVE BOUND IN THE GATT, EACH TIME GRANTING LESS RECIPROCITY, UNTIL LITTLE OR NOTHING OF THE ORIGINAL LEVEL OF CONCESSIONS REMAINS, IT WOULD BE IMPOSSIBLE FOR DEVELOPED COUNTRIES TO ESTABLISH THE TRUE LIMITED OFFICIAL USE

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VALUE OF ANY CONCESSIONS WHICH THEY MIGHT BE OFFERED BY DEVELOPING COUNTRIES IN A TRADE NEGOTIATION. DEVELOPED COUNTRIES WOULD THEN BE LESS WILLING TO ENGAGE IN NEGOTIATIONS WITH DEVELOPING COUNTRIES, A SITUATION WHICH WOULD SERIOUSLY COMPROMISE THE EFFECTIVE FUNCTIONING OF PART IV AND, IN FACT, THE ENTIRE GATT.

C. THEREFORE, WHILE THE USG WOULD NOT REQUIRE CONTRIBU-

TIONS OF ANY DEVELOPING COUNTRY CONTRACTING PARTY IN AN  
ARTICLE XXVIII RENEGOTIATION INCONSISTENT WITH THAT  
COUNTRY'S LEGITIMATE TRADE, FINANCIAL, AND DEVELOPMENT  
NEEDS, WE WOULD EXPECT THAT COUNTRY TO MAKE THE  
MAXIMUM EFFORT CONSISTENT WITH THESE NEEDS TO PROVIDE  
FULL COMPENSATION FOR ANY IMPAIRED CONCESSIONS. OB-  
VIOUSLY WE WOULD ADJUST OUR EXPECTATIONS WITH RESPECT  
TO COMPENSATION TO CORRESPOND TO THE STAGE OF DEVELOPMENT  
OF THE COUNTRY IN QUESTION. KISSINGER

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